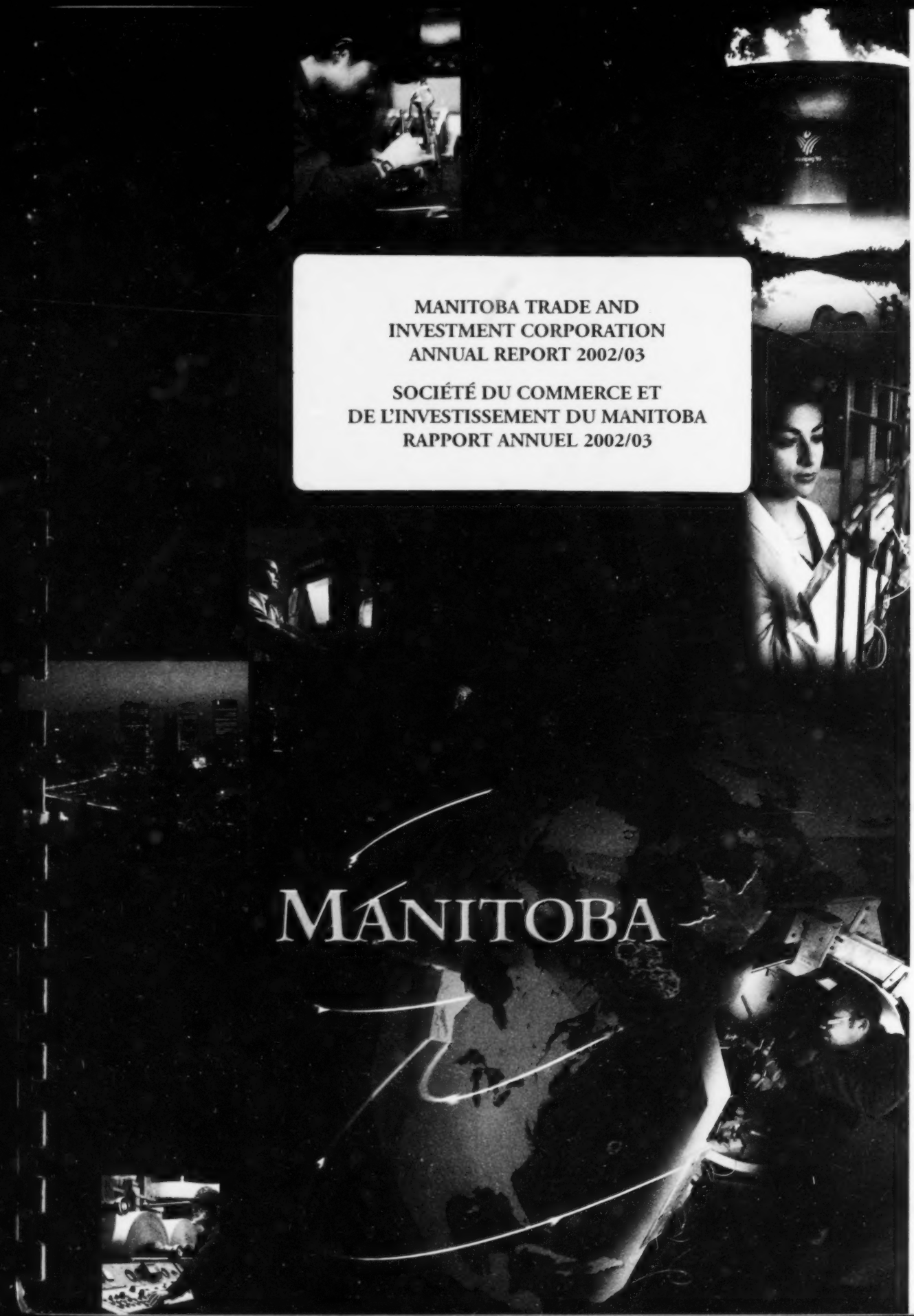

MANITOBA TRADE AND INVESTMENT CORPORATION ANNUAL REPORT 2002/03

SOCIÉTÉ DU COMMERCE ET DE L'INVESTISSEMENT DU MANITOBA RAPPORT ANNUEL 2002/03

MANITOBA
TRADE AND
INVESTMENT

MANITOBA TRADE AND INVESTMENT CORPORATION ANNUAL REPORT 2002/03

SOCIÉTÉ DU COMMERCE ET DE L'INVESTISSEMENT DU MANITOBA RAPPORT ANNUEL 2002/03

MINISTER OF
INDUSTRY, TRADE AND MINES

WINNIPEG, MANITOBA, CANADA
R3C 0V8

June 24, 2003

His Honour
The Honourable Peter M. Liba, C.M.
Lieutenant Governor of Manitoba
Room 235, Legislative Building
Winnipeg MB R3C 0V8

Your Honour:

I am pleased to present the Annual Report for Manitoba Trade and Investment Corporation for the fiscal year ending March 31, 2003.

Respectfully submitted,

M. Mihychuk

MaryAnn Mihychuk, P. Geo.
Minister

Manitoba

MINISTER OF
INDUSTRY, TRADE AND MINES

WINNIPEG, MANITOBA, CANADA
R3C 0V8

Le 24 juin 2003

Son Honneur
L'honorable Peter M. Liba, C. M.
Lieutenant-gouverneur du Manitoba
Palais législatif, bureau 235
Winnipeg (Manitoba) R3C 0V8

Dear Monsieur le Lieutenant-gouverneur:

J'ai le plaisir de présenter à Votre Honneur le rapport annuel de la Société du commerce et de l'investissement du Manitoba pour l'exercice se terminant le 31 mars 2003.

Je vous prie d'agréer, Monsieur le Lieutenant-gouverneur, l'expression de mon profond respect.

La ministre,

MaryAnn Mihychuk, P. Geo.

Manitoba

103-06844/

MANITOBA
TRADE AND
INVESTMENT

410-155 Carlton Street
Winnipeg, MB Canada
R3C 3H8

Phone (204) 945-2466
Fax (204) 957-1793

June 17, 2003

Honourable MaryAnn Mihychuk
Minister of Industry, Trade and Mines
Room 358 Legislative Building
Winnipeg MB R3C 0V8

Dear Minister:

It is our pleasure to submit the Annual Report of the Manitoba Trade and Investment Corporation for the fiscal year ended March 31, 2003, as required by Section 15 of the Manitoba Trade and Investment Corporation Act.

Respectfully submitted,

Hugh Eliasson
Chairperson

Rodney B. Sprange
President

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R3C 3H8

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Fax (204) 957-1793

Le 17 juin 2003

Madame MaryAnn Mihychuk
Ministre de l'Industrie, du Commerce et des Mines
Palais législatif, bureau 358
Winnipeg (Manitoba) R3C 0V8

Madame la ministre:

Nous avons le plaisir de vous présenter le rapport annuel de la Société du commerce et de l'investissement du Manitoba pour l'exercice qui s'est terminé le 31 mars 2003, tel que le stipule l'article 15 de la *Loi sur la Société du commerce et de l'investissement du Manitoba*.

C'est avec respect, Madame la ministre, que nous vous soumettons ce document.

Le président,

Hugh Eliasson

Le président,

Rodney B. Sprange

The Manitoba Trade and Investment Corporation (MTIC) is a provincial agency of the Division of Manitoba Trade and Investment Marketing (MTIM) within the Department of Industry, Trade and Mines. The Division's mission is to help build the Manitoba economy through increased exports and industry investments, focusing on industry development, export, and entrepreneurial immigration opportunities. Its assigned resources include 45 staff and an annual budget of approximately $4.5 million.

As an administrative arm and additional tool to the Division, the Corporation helps support this mission by facilitating cost-sharing partnerships for specific projects. In addition, the Corporation provides operational support by collecting revenues and paying expenditures related to the projects. Below is a summary of major activities in 2002-03.

• • •

La Société du commerce et de l'investissement du Manitoba est un organisme provincial qui relève de la Division Commerce et investissement Manitoba au sein du ministère de l'Industrie, du Commerce et des Mines. La Division a pour mission d'aider à renforcer l'économie du Manitoba par l'augmentation des exportations et des investissements dans les industries manitobaines, tout en favorisant le développement de ces industries, l'exportation et les perspectives d'immigration pour les entrepreneurs. Les ressources qui lui ont été assignées incluent un personnel de 45 membres et un budget annuel d'environ 4,5 millions de dollars.

Comme organe administratif et outil additionnel de la Division, la Société aide à appuyer cette mission en facilitant des partenariats financiers pour des projets précis. En outre, elle offre un soutien opérationnel au moyen du recouvrement des recettes et du paiement des dépenses liées aux projets. Vous trouverez ci-dessous un résumé des principales activités de la Société en 2002-2003.

Canada-Manitoba Memorandum of Understanding for International Business Development

Economic development is truly a cooperative effort, and MTIM encourages and facilitates cooperation with other provincial, federal, and civic economic development agencies. A key example is the high level of cooperation between the Province and the federal government arising from a Memorandum of Understanding (MOU), renewed in April 2000, to promote international business development.

MTIC acts as the coordinator of the MOU on behalf of the partners. It provides a part-time Coordinator and manages the cost-sharing of MOU projects.

Exporter Development – International Trade Development concentrates on new exporter development and trade promotion for a two-fold purpose – to increase the number of Manitoba companies that are active exporters and to increase their market diversification. MTIC's role is to provide a project cost-sharing mechanism among Manitoba firms and government entities. In 2002-03, MTIC assisted the following projects:

Protocole d'entente Canada-Manitoba concernant le développement du commerce international

Le développement économique étant véritablement un effort de coopération, la Société du commerce et de l'investissement du Manitoba encourage et facilite la coopération avec d'autres organismes provinciaux, fédéraux et municipaux de développement économique. À titre d'exemple, mentionnons le niveau élevé de coopération entre la province et le gouvernement fédéral dans le cadre d'un protocole d'entente (PE), renouvelé en avril 2000, visant à promouvoir le développement commercial international.

La Société assure la coordination du PE, au nom des partenaires. Elle fournit un coordinateur à temps partiel et gère le partage des frais des projets du PE.

Développement des marchés d'exportation – Le développement du commerce international est axé sur le développement de nouveaux marchés d'exportation et la promotion du commerce afin d'augmenter le nombre d'entreprises manitobaines qui exportent activement et d'accroître la diversification de leurs marchés. Le rôle de la Société consiste à fournir un mécanisme de répartition des

- American Contract Manufacturers Show, October 2002
- SIAL International Food Products Exhibition, October 2002
- Havana International Trade Fair, November 2002
- America's Food & Beverage Show, December 2002
- Incoming OEM Component Buyers' Mission, March 2003

International Projects Office – This is a new initiative of MTIM, begun in June 2001. Its focus is to increase the number and value of contracts secured by Manitoba companies and organizations for international development projects that are financed by the Canadian International Development Agency (CIDA) and International Financial Institutions (IFIs). IFIs include the World Bank, Inter-American Development Bank, Asian Development Bank, European Bank for Reconstruction and Development, Caribbean Development Bank, and African Development Bank.

MTIC provides a mechanism for smaller and medium-sized consulting firms to bid jointly on international projects.

Provincial Nominee Program for Business – This program was launched in October 2000, to promote Manitoba as the destination of choice for business immigrants. At March 31, 2003, nearly 500 applications had been received, of which 240 were approved. The main source country continued to be South Korea. The average proposed investment in 2002 was $305,000, and this level of investment is expected to continue. Prior to the launch of the Program, Manitoba was receiving 10 to 15 business immigrants per year, each one investing an average of $100,000.

MTIC provides program staff and manages the deposits provided by applicants.

coûts des projets parmi les entreprises et les organismes gouvernementaux du Manitoba. En 2002-2003, la Société a accordé son appui aux projets suivants :

- American Contract Manufacturers Show, octobre 2002
- Salon international de l'alimentation (SIAL), octobre 2002
- Foire commerciale internationale de La Havane, novembre 2002
- America's Food & Beverage Show, décembre 2002
- Accueil des missions d'acheteurs concernant les constructeurs OEM, mars 2003

Bureau des projets internationaux – Il s'agit d'une nouvelle initiative de la Société, commencée en juin 2001. Son but est d'augmenter le nombre et la valeur des contrats obtenus par les entreprises et les organismes du Manitoba pour des projets de développement international financés par l'Agence canadienne de développement international (ACDI) et des Institutions financières internationales (IFI). Les IFI incluent la Banque internationale pour la reconstruction et le développement, la Banque interaméricaine de développement, la Banque asiatique de développement, la Banque européenne pour la reconstruction et le développement, la Banque de développement des Caraïbes et la Banque africaine de développement.

La Société fournit un mécanisme qui permet aux petites et moyennes société d'experts-conseils de faire des offres communes en ce qui concerne des projets internationaux.

Programme Candidats du Manitoba pour les gens d'affaires – Ce programme a été lancé en octobre 2000 en vue de promouvoir le Manitoba comme destination de choix pour les gens d'affaires immigrants. Au 31 mars 2003, près de 500 demandes ont été reçues, dont 240 ont été approuvées. Le principal pays source a continué d'être la Corée du Sud. Les investissements moyens proposés en 2002 se montaient à 305 000 $, et l'on s'attend à ce que ce niveau d'investissement se poursuive. Avant le lancement du Programme, le Manitoba recevait de 10 à 15 gens d'affaires immigrants par année, chacun investissant environ 100 000 $.

La Société fournit le personnel du programme et assure la gestion des dépôts remis par les demandeurs.

Manitoba Trade and Investment Corporation

Financial Statements

March 31, 2003

MANITOBA
TRADE AND
INVESTMENT

410-155 Carlton Street
Winnipeg, MB Canada
R3C 3H8

Phone (204) 945-2466
Fax (204) 957-1793

May 28, 2003

THE MANITOBA TRADE AND INVESTMENT CORPORATION
MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in conformity with the accounting policies noted in the financial statements.

To fulfil this responsibility, management maintains internal control systems to provide reasonable assurance that the accounts and records accurately reflect all transactions and that appropriate policies are established and respected.

The statements are examined by the Auditor General of the Province of Manitoba, whose opinion is included herein. The Auditor General has free access to the Board of Directors, with and without management present, to discuss the results of their audit and the quality of financial reporting to the Board.

Hugh Eliasson
Chairperson

Jack Dalgliesh, C.G.A.
Financial Officer

Office of the Auditor General

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Directors of Manitoba Trade and Investment Corporation

We have audited the balance sheet of the Manitoba Trade and Investment Corporation as at March 31, 2003 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2003 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Winnipeg, Manitoba
May 28, 2003

MANITOBA TRADE AND INVESTMENT CORPORATION
BALANCE SHEET
MARCH 31, 2003
(With Comparative Figures for 2002)

	2003	2002
ASSETS		
Current Assets:		
Cash	$ 178,144	$ 780,567
Short-term Investments (Note 3)	571,774	-
Accounts Receivable - Trade	-	54,829
Accounts Receivable - Province of Manitoba	16,638	888,977
Accrued Interest	30,257	-
Total Current Assets	796,813	1,724,373
Trust Funds:		
Provincial Nominee Program - Trust Funds (Note 4)	8,100,551	-
TOTAL ASSETS	8,897,364	1,724,373
LIABILITIES AND RETAINED EARNINGS		
Current Liabilities:		
Accounts Payable - Trade	41,747	22,507
Accounts Payable - Province of Manitoba	131	902,967
Deferred Revenue (Note 5)	38,488	97,920
Total Current Liabilities	80,366	1,023,394
Long-term Liabilities:		
Operating Advance Payable (Note 6)	500,000	500,000
Trust Liabilities:		
Provincial Nominee Program - Trust Fund (Note 4)	8,100,551	-
TOTAL LIABILITIES	8,680,917	1,523,394
RETAINED EARNINGS	216,447	200,979
TOTAL LIABILITIES AND RETAINED EARNINGS	$ 8,897,364	$ 1,724,373

See accompanying notes to financial statements.

MANITOBA TRADE AND INVESTMENT CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 2003
(With Comparative Figures for 2002)

	2003	2002
Revenue:		
Interest (Note 4)	$ 103,354	$ -
Participation Fees (Note 2)	177,928	169,678
Contract Fees Recoveries - Industry, Trade and Mines	551,744	444,525
Licence Fees Revenue	-	75,184
Expenses Recovered from Industry, Trade and Mines - Faneuil ISG Inc.	-	888,977
Total Revenue	833,026	1,578,364
Expenses:		
Program (Note 2)	226,789	144,367
Audit Fees	7,065	8,520
Contract Fees	583,534	434,696
Guarantee Fees	-	96,977
Interest	-	792,000
Miscellaneous	170	442
Licence Fees	-	75,184
Total Expenses	817,558	1,552,186
Net Income for the Year	15,468	26,178
Retained Earnings, beginning of year	200,979	174,801
Retained Earnings, end of year	$ 216,447	$ 200,979

See accompanying notes to financial statements.

MANITOBA TRADE AND INVESTMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2003
(With Comparative Figures for 2002)

	2003	2002
Operating Activities		
Net Income for the year	$ 15,468	$ 26,178
Changes in operating assets and liabilities		
Accounts receivable - trade	54,829	(47,262)
Accounts receivable - Province of Manitoba	872,339	1,414,226
Accounts receivable - other	-	70,622
Accrued Interest	(30,257)	-
Accounts payable - trade	19,240	6,688
Accounts payable - Province of Manitoba	(902,836)	(1,631,530)
Deferred revenue	(59,432)	53,262
Net cash flow to operating activities	(30,649)	(107,816)
Investing Activities:		
Decrease in long-term investment - Faneuil ISG Inc.	-	1
Net cash flow from investing activities	-	1
Financing Activities:		
Increase in Funding Commitment from the Province of Manitoba	-	24,244,242
(Decrease) in Loans Payable to the Province of Manitoba	-	(24,244,242)
Net cash flow from financing activities	-	-
Net decrease in cash	(30,649)	(107,815)
Cash, beginning of year	780,567	888,382
Cash and short-term investments, end of year	$ 749,918	$ 780,567

All short-term investments have terms of 90 days or less

See accompanying notes to financial statements.

MANITOBA TRADE AND INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2003

1. Nature of Operations and Economic Dependence

The Manitoba Trade and Investment Corporation (the Corporation) was formed by an Act of Legislation in 1974. The object of the Corporation is to encourage, develop and increase Manitoba exports and trade. The Corporation's primary emphasis is to connect Manitoba businesses with emerging export opportunities.

The Corporation is economically dependent on the Department of Industry, Trade and Mines of the Government of Manitoba as all project shortfalls and deficits incurred by the Corporation are recovered from the Department.

2. Significant Accounting Policies

a. Basis of Presentation

The Corporation's financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

b. Participation Fees and Program Expenses

Participation Fees and Program Expenditures are recognized as revenue or expense in the same period that the shows, seminars and projects sponsored by the Corporation are actually held. Fees received in advance of event days are reflected as deferred revenue.

c. Contributed Services

During the year, the Department of Industry, Trade and Mines provided office space and other administrative services to the Corporation at nil cost. Because of the difficulty of estimating the fair value of such expenses, no contributed services are recognized in the financial statements.

d. Use of Estimates

In preparing the Corporation's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

3. Short-Term Investments

Short-term investments are carried at cost which approximates market. Funds available for investment are invested with the Province of Manitoba.

4. Trust Assets/Liabilities - Provincial Nominee Program

The Corporation and the Manitoba Department of Labour and Immigration operate a program known as the Provincial Nominee Program for Business, which offers individuals who wish to immigrate to the Province of Manitoba to establish and operate a business the opportunity to obtain a nominee certificate. During the 2003 fiscal year, the Corporation first entered into agreements with qualified immigrants whereby the immigrants committed to invest specified amounts to establish approved businesses in Manitoba within specified periods of time. As evidence of their commitments, the immigrants are required to deposit $75,000 (formerly $50,000) with the Corporation. These deposits are held in trust by the Corporation and are refundable to the immigrants based on the satisfaction of the conditions set out in the agreements. The final decision as to admission to Canada for permanent residence is made by the Government of Canada. In the event that nominees are not granted permanent residency visas by the Government of Canada, the Corporation also refunds the deposits. The Corporation invests the deposits, retains all interest income earned on the deposits and, should immigrants fail to satisfy the conditions of the agreements, the Corporation also has the right, under the agreements, to retain the deposits.

At March 31, 2003, deposits held in trust under the Provincial Nominee Program and invested with the Province of Manitoba totaled $8,100,551. Interest earned on these deposits during the year and retained by the Corporation totaled $90,365. No deposits were retained during the year.

5. Deferred Revenue

Deferred revenue represents unspent resources externally restricted for specific projects. Changes in the deferred revenue balance are as follows:

	2003 $	2002 $
Balance, beginning of year	97,920	28,290
Less amount recognized as revenue in the year	(71,408)	(16,315)
Add amounts received and deferred during the year	11,976	85,945
Balance, end of year	38,488	97,920

6. Operating Advance Payable

The Corporation has a $500,000 non-interest bearing working capital advance from the Province of Manitoba. It is payable on demand. The Operating Advance Payable is classified as long-term because management does not expect to repay the advance in the next fiscal year.

7. Contract Fees/Recoveries

The Corporation employs a number of staff on contract. The costs of these contracts, except for contract fees related to the Provincial Nominee Program, are recovered from the Province of Manitoba via the Department of Industry, Trade and Mines.

8. Financial Instruments

The carrying amounts of current assets and liabilities are a reasonable estimate of their fair value because of the short-term maturity of these instruments.

9. Comparative Figures

Certain of the comparative figures have been reclassified to conform with the current year's presentation.

Manitoba Trade and Investment Corporation thanks our many friends and partners throughout Canada and the world for their help and encouragement in 2002/03. We look forward to continuing good relations in the coming year.

Nous remercions tous nos partenaires pour leur assistance et encouragement en 2002/03.

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